

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

UNSTARRED QUESTION NO:515

ANSWERED ON:03.12.2004

TRADE AGREEMENT WITH THAILAND

Gangwar Shri Santosh Kumar; Pandey Dr. Laxminarayan

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) whether the domestic industries are adversely affected due to an open trade agreement with Thailand:
- (b) if so, whether the Government has any apprehension of such adverse impact; and
- (c) if so, the steps taken by the Government to save domestic industries from such impact?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI E.V.K.S. ELANGOVAN)

(a) India and Thailand have signed the Framework Agreement on Free Trade Area covering goods, services & investment with the objectives of creating favourable conditions for greater economic cooperation and promote fair competition as well as exploring new areas and develop appropriate measures for closer economic cooperation between them. It is expected that the trade and investment flows would increase both ways with joint ventures and backward-forward linkages between the industries of the two sides. However, the same would also depend on the complementarities and comparative advantages of various industries.

(b) & (c) The tariff preferences on products covered under the Early Harvest Scheme (EHS) and the FTA in goods on imports to India would be available only for those products only which enjoy the `originating status` in Thailand as prescribed under the Rules of Origin. Similarly, the products which enjoy the `originating status` in India would only get tariff preferences for imports in Thailand. To protect the domestic industry which would be adversely affected due to surge in imports, the Framework Agreement provides for each country to maintain a negative/sensitive list of items on which no tariff concessions shall be granted under the FTA. In addition, the Agreement provides for trade defence measures which an importing country can take recourse to. In case of a surge in imports and injury to the domestic industry, a country is allowed to take measures such as anti-dumping and safeguards. The Agreement also provides for cooperation among customs authorities for ensuring that the Rules are not violated